



**Homeland
Security**

The following document was received by the DHS Privacy Office as part of the Privacy Office Workshop Series.

For more information please visit the website at www.dhs.gov/privacy.

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Interagency Notice Research Project

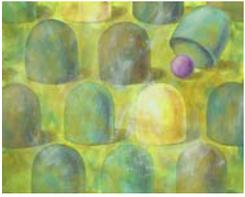
Designing Easy-to-Understand Consumer Financial Privacy Notices

DHS Workshop

April 5, 2006

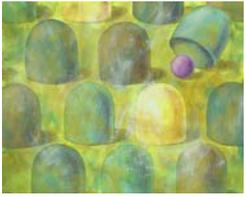
**Loretta Garrison, Federal Trade Commission
Amy Friend, Office of the Comptroller of the Currency
Interagency Notice Research Project:**

http://www.ftc.gov/privacy/privacyinitiatives/financial_rule_inrp.html



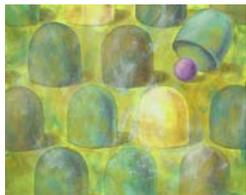
Project Objective

Design alternative privacy notice(s) that are easier for consumers to compare and understand.



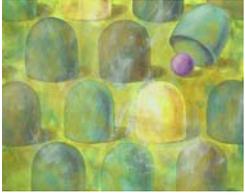
How did the project begin

- July 2001: Gramm-Leach-Bliley Act financial privacy notices
- Widespread criticism of the notices: unexpected, too long, legalese, not understandable



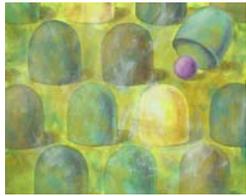
Workshop December 2001

- 8 GLB Agencies host workshop on Effective Notices
- Explore ways to improve notices
- Design elements: short sentences, simple words, bullets, bold headings



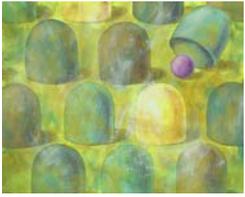
ANPR: December 2003

- 8 GLB Agencies issue ANPR to explore ways to improve notices
- Asked for comment on format, elements, language, research
- Commenters supported agencies doing consumer research



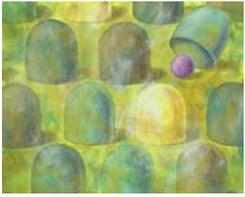
Interagency Notice Research Project: 2003

- 6 Agencies join to fund consumer research: FRB, FDIC, FTC, NCUA, OCC, SEC
- Research has two phases:
 - Qualitative: form development and usability testing
 - Quantitative: evaluation and validation with larger numbers of consumers



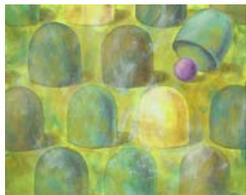
Phase 1: Form Development

- September 2003: hired Kleimann Communication Group
- KCG: experts in document design and qualitative research



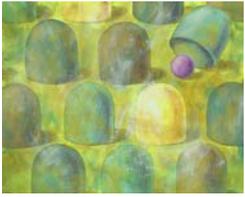
Phase 1: Form Development

- Conducted 2 focus groups (20)
- Formative testing, pretest, 6 rounds of diagnostic usability testing (46)
- Intensive, in-depth one-on-one interviews
- Iterative testing and document revision process
- Demographics: education, gender, age, race/ethnicity, and income



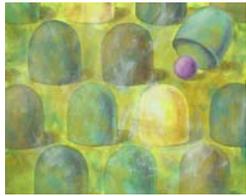
Research Objectives

- **Comprehension**
 - Consumers can understand the basic concepts
- **Comparison**
 - Consumers can compare across financial institutions
- **Compliance**
 - Notices address legal requirements



Research Objectives

- Neutral and Objective
 - Notices provide information, not direct a decision
- Paper-based
 - Notices are paper-based, not web-based
- Variations
 - Explored a range of options: short, layered, fully compliant, and opt-out page if necessary



Final Notice

F A C T S

WHAT DOES NEPTUNE BANK DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- social security number and income
- account balances and payment history
- credit history and credit scores

When you close your account, we continue to share information about you according to our policies.

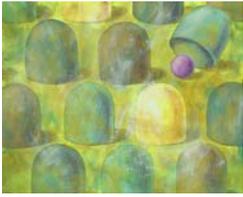
How?

All financial companies need to share customers' personal information to run their everyday business—to process transactions, maintain customer accounts, and report to credit bureaus. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Neptune Bank chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Neptune Bank share?	Can you limit this sharing?
For our everyday business purposes—to process your transactions, maintain your account, and report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	Yes	Yes (Check your choices, p.3)
For our affiliates to market to you	Yes	Yes (Check your choices, p.3)
For nonaffiliates to market to you	Yes	Yes (Check your choices, p.3)

Contact Us

Call 1-800-898-9698 or go to www.neptunebank.com/privacy



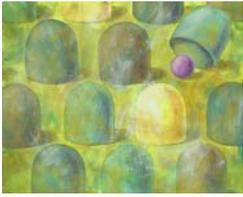
Final Notice (cont.)

F A C T S

WHAT DOES NEPTUNE BANK DO WITH YOUR PERSONAL INFORMATION?

Sharing practices	
How often does Neptune Bank notify me about their practices?	We must notify you about our sharing practices when you open an account and each year while you are a customer.
How does Neptune Bank protect my personal information?	To protect your personal information from unauthorized access and use, We use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Neptune Bank collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account or deposit money ▪ pay your bills or apply for a loan ▪ use your credit or debit card <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit sharing only for</p> <ul style="list-style-type: none"> ▪ affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates to market to you ▪ nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions	
Everyday business purposes	<p>The actions necessary by financial companies to run their business and manage customer accounts, such as</p> <ul style="list-style-type: none"> ▪ processing transactions, mailing, and auditing services ▪ providing information to credit bureaus ▪ responding to court orders and legal investigations
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Our affiliates include companies with a Neptune name; financial companies, such as Orion insurance; and nonfinancial companies, such as Saturn Marketing Agency.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Nonaffiliates we share with can include mortgage companies, insurance companies, direct marketing companies, and nonprofit organizations</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>Our joint marketing partners include credit card companies.</i>



Final Notice (cont.)

F A C T S

WHAT DOES NEPTUNE BANK DO WITH YOUR PERSONAL INFORMATION?

If you want to limit our sharing

Contact us

By telephone: 1-800-898-9698— our menu will prompt you through your choices

On the web: www.neptunebank.com/privacy

By mail: mark your choices below, fill in and send form to:

Neptune Bank
 Privacy Department
 PO Box 36775
 Phoenix, AZ 88709

Unless we hear from you, we can begin sharing your information 30 days from the date of this letter. However, you can contact us at any time to limit our sharing.

Mail-in form

Check your choices

Your choices will apply to everyone on your account.

Check any/all you want to limit: (See page 1)

- Do not share information about my creditworthiness with your affiliates for their everyday business purposes.
- Do not allow your affiliates to use my personal information to market to me. (I will receive a renewal notice for this use for marketing in 5 years.)
- Do not share my personal information with nonaffiliates to market their products and services to me.

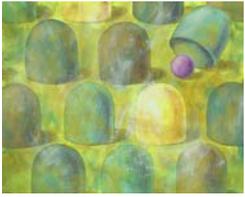
Your name

Your address

Account number

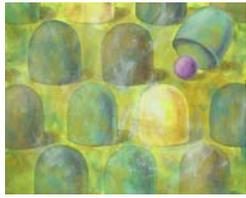
Mail to:

Neptune Bank
 Privacy Department
 PO Box 36775
 Phoenix, AZ 88709



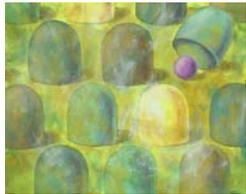
Major Findings

- Context was key to comprehension
- Design elements aided comprehension
- Consumers were able to compare across banks



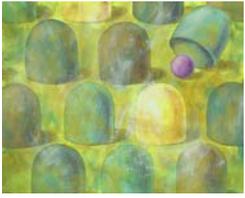
Context Was Key to Comprehension

- Contextual frame drove comprehension
 - Consumer needs to know why she is getting the notice and what to do with it
 - “Key frame” delivers that information
- “Whole to part” structure facilitated comprehension and comparison
 - Big picture enabled consumers to understand background information and that companies share differently (whole)
 - The table format delivered how financial companies share differently (part)



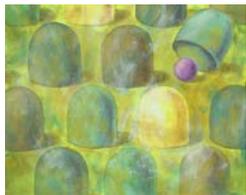
Context Was Key to Comprehension

- Title: Consumers assumed “privacy policy” and “privacy notice” meant all notices said the same thing
- The title, *Facts: What does Neptune Bank Do With Your Personal Information*, led consumers into the notice, personalized it, and indicated activity



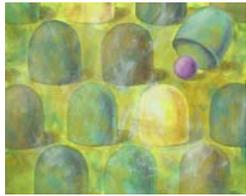
Context Was Key to Comprehension

- The What, Why, How headings organized the contextual information into understandable chunks
- “*Federal law*” drew consumers into the notice
- The fact that financial companies continue to share consumers’ personal information after an account is closed grabbed consumers’ attention



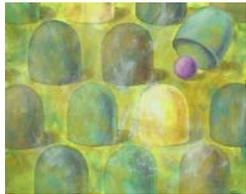
Context Was Key to Comprehension

- Listing the types of personal information grabbed attention, informed, and clarified the notice (social security number, account balances, etc.)
- Context about financial sharing and personal information needs to come before disclosure information
- Contact information was key information



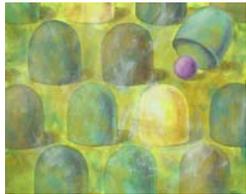
Design Elements Aided Comprehension

- Consumers overwhelmingly preferred the table format for appearance and usability
- The table format outperformed the prose version on comprehension and the ability to compare sharing practices
- Consumers struggled with comprehension and comparison using the prose format



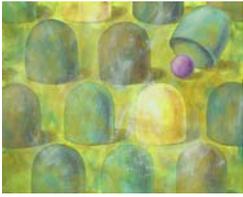
Design Elements Aided Comprehension

- The table format integrated categories of sharing/uses, and for each category what the particular bank does and whether a consumer can limit sharing
- Consumers preferred a larger and legible font size
- Consumers responded positively to the white space and simple headings in the notice

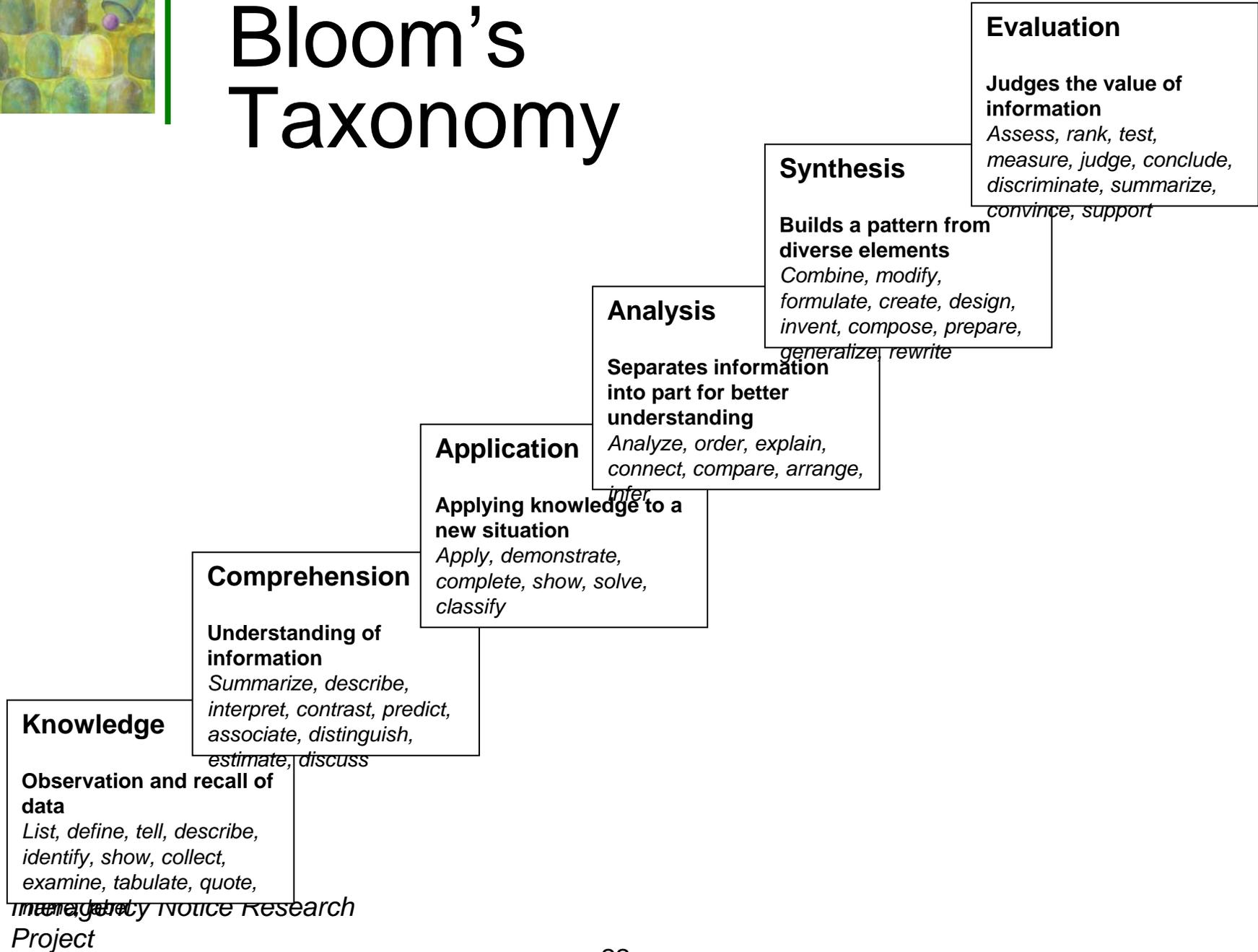


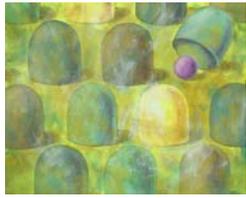
Design Elements Aided Comprehension

- Consumers could work with page one alone which delivered “key” information
- Consumers preferred the two-page notice over the one-page notice; it had more information
- Simple notices elicited understanding, trust, and minimized burden



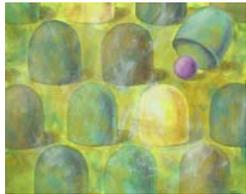
Bloom's Taxonomy





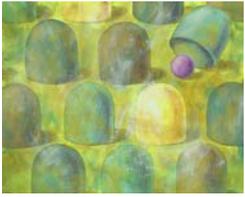
The Testing and Bloom's Taxonomy

Evaluation <i>Judges the value of information</i>						
Synthesis <i>Builds a pattern from diverse elements</i>						
Analysis <i>Separates information into part for better understanding</i>						
Application <i>Applying knowledge to a new situation</i>						
Comprehension <i>Understanding of information</i>						
Knowledge <i>Observation and recall of data</i>						
	MD	CA	VA	TX	MA	MO



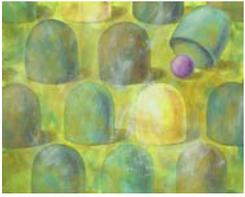
Key Research Findings in Phase 1

- A contextual frame is vital to comprehension
- Presenting the whole, so the reader can understand the parts, is key to comprehension and comparison
- The table format's visual presentation organizes complex information for quicker comparison and greater understanding



Key Research Findings (cont.)

- Prose doesn't work
- Standardization is effective
- Consumers need education about information sharing practices and the use of their personal information
- “Trust”: consumers are concerned about the misuse of their personal information
- “Protection” means less sharing to consumers



Phase 2

- Quantitative research evaluates and validates the qualitative findings with larger numbers of consumers
- Planning for this phase is underway
- Anticipated completion: 1 year